98TH CONGRESS
1st Session

SENATE

REPORT No.
98–34

LEGISLATIVE AND OVERSIGHT ACTIVITIES DURING THE 97TH CONGRESS BY THE SENATE COMMITTEE ON VETERANS' AFFAIRS

REPORT

OF THE

COMMITTEE ON VETERANS' AFFAIRS
UNITED STATES SENATE

MARCH 24 (legislative day, MARCH 21), 1983.—Ordered to be printed

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Mr. SIMPSON, from the Committee on Veterans' Affairs, submitted the following

REPORT

Pursuant to paragraph 8 of rule XXVI of the Standing Rules of the Senate, the Committee on Veterans' Affairs submits its report on legislative and oversight activities during the 97th Congress. The statute provides that standing committees of the Senate review and study, on a continuing basis, the application, administration, and execution of those laws, or parts thereof, the subject matter of which is within their jurisdiction. In addition, each such committee is required to submit to the Senate, not later than March 31 of each odd-numbered year, a report detailing the activities of that committee for the preceding Congress. The text of paragraph 8 of rule XXVI is as follows:

EXCERPTS FROM THE STANDING RULES OF THE SENATE

RULE XXVI

COMMITTEE PROCEDURE

* * * * * * *

8. (a) In order to assist the Senate in—

(1) its analysis, appraisal, and evaluation of the application, administration, and execution of the laws enacted by the Congress, and

(2) its formulation, consideration, and enactment of such modifications of or changes in those laws, and of such additional legislation, as may be necessary or appropriate,

each standing committee (except the Committees on Appropriations and the Budget), shall review and study, on a continuing basis the application, administration, and execution of those laws,

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or parts of laws, the subject matter of which is within the legislative jurisdiction of that committee. Such committees may carry out the required analysis, appraisal, and evaluation themselves, or by contract, or may require a Government agency to do so and furnish a report thereon to the Senate. Such committees may rely on such techniques as pilot testing, analysis of costs in comparison with benefits, or provision for evaluation after a defined period of time.

(b) In each odd-numbered year, each such committee shall submit, not later than March 31, to the Senate, a report on the activities of that committee under this paragraph during the Congress ending at noon on January 3 of such year.

* * * * * * *

RULE XXV

STANDING COMMITTEES

1. The following standing committees shall be appointed at the commencement of each Congress, and shall continue and have the power to act until their successors are appointed, with leave to report by bill or otherwise on matters within their respective jurisdictions:

* * * * * * *

(p) Committee on Veterans' Affairs, to which committee shall be referred all proposed legislation, messages, petitions, memorials, and other matters relating to the following subjects:

1. Compensation of veterans.
2. Life insurance issued by the Government on account of service in the Armed Forces.
3. National cemeteries.
4. Pensions of all wars of the United States, general and special.
5. Readjustment of servicemen to civil life.
6. Soldiers' and sailors' civil relief.
7. Veterans' hospitals, medical care and treatment of veterans.
8. Veterans' measures generally.
9. Vocational rehabilitation and education of veterans.

* * * * * * *

REPORT OF THE COMMITTEE ON VETERANS' AFFAIRS REGARDING LEGISLATIVE AND OVERSIGHT ACTIVITIES IN THE 97TH CONGRESS

I. INTRODUCTION

A. HEARINGS

During the 97th Congress, the Committee held 36 days of hearings on legislative and oversight matters, executive nominations, and the legislative recommendations of veterans' service organizations. Among those hearings were 2 days of hearings concerning VA compensation, pension, housing, and insurance programs; 1 day of hearings concerning judicial review of veterans' benefit claims; 3 days of hearings concerning veterans' education, employment, and rehabilitation matters, including 2 days of hearings on new GI Bill legislation; 11 days of hearings concerning VA health-care programs and related matters, including aging veteran issues, outpatient services, Agent Orange, and other Vietnam veteran health and readjustment issues; 1 day of hearings concerning the VA's proposed automated data processing system for the Department of Medicine and Surgery; and 1 day of hearings concerning Office of Management and Budget Circular A-76.

B. LEGISLATION

The Committee met in open session 10 times and reported 8 bills to the Senate, the provisions of 6 of which were, with modifications, ultimately enacted.

Those enacted into public law during the First Session include:

The Former Prisoner of War Benefits Act of 1981; Public Law 97-37, August 14, 1981.

The Veterans' Disability Compensation, Housing, and Memorial Benefits Amendments of 1981; Public Law 97-66, October 17, 1981.

The Veterans' Health Care, Training, and Small Business Loan Act of 1981; Public Law 97-72, November 3, 1981.

Those enacted into public law during the Second Session include:

The Veterans' Administration and Department of Defense Health Resources Sharing and Emergency Operations Act; Public Law 97-174, May 4, 1982.

The Veterans' Administration Health-Care Programs Improvement and Extension Act of 1982; Public Law 97-251, September 8, 1982.

The Veterans' Compensation, Education, and Employment Amendments of 1982; Public Law 97-306, October 14, 1982.

S. 349, the proposed "Veterans' Administration Adjudication Procedure and Judicial Review Act", reported by the Committee on

June 8, 1982 (S. Rept. No. 97-466), and passed by the Senate on September 14, 1982, was not enacted into public law.

S. 1008, the proposed bill concerning the status of certain Battle Monuments Commission Personnel and Prisoner of War Recognition Medal, was reported by the Committee on May 15, 1981 (S. Rept. No. 97-90), and was referred to the Senate Armed Services Committee on May 19, 1981. The Armed Services Committee did not report this legislation, and it was not passed by the Senate.

With regard to the VA budget for fiscal year 1982, the Committee held the following meetings: On March 12, 1981, the Committee met to consider the fiscal year 1983 budget request submitted by President Reagan, and ordered that a letter and supporting materials setting forth its budget views and estimates be transmitted to the Senate Budget Committee pursuant to the requirements of section 301(c) of the Budget Act of 1974, Public Law 93-344. Those materials were transmitted, together with Minority Views, on March 15, 1981. On May 6, 1981, the Committee held a hearing to consider various items of cost-savings legislation, and on June 3, 1981, held a markup session and ordered reported to the Senate Budget Committee a resolution containing its recommendations for cost-savings within VA programs in accordance with the reconciliation instructions in section 302(13) of House Concurrent Resolution 115, the First Concurrent Resolution on the Budget for Fiscal Year 1982. The Committee's recommended legislation was passed by the Senate on June 25, 1981, as a part of S. 1377, and certain provisions derived from that legislation were enacted as title XX of the Omnibus Budget Reconciliation Act of 1981 (Public Law 97-35) on August 13, 1981.

With regard to the VA budget for fiscal year 1983, the Committee held the following meetings: On February 11, 1982, the Committee held a hearing to consider the President's proposed VA budget, and on March 3, 1982, held a markup and ordered transmitted to the Senate Budget Committee its budget views and estimates. These materials were transmitted on March 8, 1982. On July 15, 1982, the Committee held a markup session and ordered reported to the Senate Budget Committee certain items of cost-savings legislation in compliance with the First Concurrent Resolution on the Budget for Fiscal Year 1983, S. Con. Res. 92, and reconciliation provisions set forth therein at subsections (a) and (b)(7) of section 2. The Committee's recommended legislation was passed by the Senate on August 5, 1982, as title VII of the 1982 Omnibus Reconciliation Act, S. 2774, and subsequently enacted into law, with modifications, in Public Law 97-253 on September 8, 1982.

Upon enactment of each law pertaining to veterans' programs, the Committee staff began a followup review of executive branch implementation in order to assure timely and effective implementation of the enactments. These activities included consultations with appropriate VA and other Federal officials, veterans' organizations and other concerned groups and individuals on such matters as the content of regulations and directives necessary for implementation and the activities of the agency offices responsible for implementing the law, regulations, and directives.

C. EXECUTIVE NOMINATIONS

On June 22, 1981, the President nominated Robert P. Nimmo to be Administrator of Veterans' Affairs, and on July 9, 1981, the Committee held a confirmation hearing. Subsequently, the Committee unanimously recommended that the Senate confirm Mr. Nimmo as Administrator of Veterans' Affairs, and the Senate confirmed Mr. Nimmo's nomination on July 10, 1981.

On May 29, 1981, the President nominated Frank Saburo Sato to be Inspector General of the Veterans' Administration, and on July 9, 1981, the Committee held a confirmation hearing. Subsequently, the Committee recommended that the Senate confirm Mr. Sato as VA Inspector General, and the Senate confirmed Mr. Sato's nomination on July 30, 1981.

On October 27, 1981, the President nominated William C. Plowden to be Assistant Secretary of Labor for Veterans' Employment. This nomination was referred jointly to the Committee on Veterans' Affairs and the Committee on Labor and Human Resources, and a joint confirmation hearing was held on November 17, 1981. On December 8, 1981, the nomination was favorably reported by the Committee on Veterans' Affairs and the Committee on Labor and Human Resources. On December 9, 1981, the nomination of Mr. Plowden was confirmed by the Senate.

On November 16, 1981, the President nominated Charles T. Hagel to be Deputy Administrator of Veterans' Affairs, and on November 25, 1981, the Committee held a confirmation hearing. Subsequently, the Committee unanimously recommended that the Senate confirm Mr. Hagel as Deputy Administrator of Veterans' Affairs, and the Senate confirmed Mr. Hagel's nomination on December 7, 1981.

On July 26, 1982, the President nominated Everett Alvarez, Jr., to be Deputy Administrator of Veterans' Affairs, and on August 5, 1982, the Committee held a confirmation hearing. Subsequently, the Committee unanimously recommended that the Senate confirm Mr. Alvarez as Deputy Administrator of Veterans' Affairs, and the Senate confirmed Mr. Alvarez's nomination on August 20, 1982.

On November 29, 1982, the President nominated Harry N. Walters to be Administrator of Veterans' Affairs, and on December 8, 1982, the Committee held a confirmation hearing. Subsequently, the Committee unanimously recommended that the Senate confirm Mr. Walters as Administrator of Veterans' Affairs, and the Senate confirmed Mr. Walters nomination on December 16, 1982.

D. COMMITTEE REVIEWS OF VA REPORTS AND BUDGET REQUESTS AND OTHER MATERIALS

In July 1981 and July 1982, the Committee received the Annual Reports of the Administrator of Veterans' Affairs for Fiscal Years 1980 and 1981, respectively, submitted pursuant to section 214 of title 38, United States Code, and, in the course of its review of VA programs, reviewed those reports as well as activities reports submitted by the VA on a quarterly basis. In January 1981 and January 1982, the VA submitted extensive documentation in support of the President's budget requests relating to VA programs, facilities, and agency requirements for fiscal years 1982 and 1983, respective-

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ly, and those documents were thoroughly reviewed by the Committee in preparation of the Committee's reports to the Senate Budget Committee cn its budget views and estimates for fiscal years 1982 and 1983. In addition, the Committee reviewed numerous reports concerning the operation of certain VA programs received from the General Accounting Office (GAO). Throughout the 97th Congress, meetings were held with VA staff on various issues arising from the Committee's review of those reports and materials and other reports received by the Committee that are described in the following sections of this report. In addition, the Chairman and the Ranking Minority Member carried on extensive correspondence with the Administrator and other Federal officials regarding issues arising in the area of veterans' affairs.

II. Service-Connected Disability Compensation Programs

A. OVERVIEW

The VA's disability compensation program provides monthly cash payments to veterans, who because of service-connected disabilities, have suffered impairments of earning capacity. The amount paid in individual instances is contingent upon the nature of the veteran's disability, or combination of disabilities, and the extent to which earning capacity is deemed to have been impaired. In July of 1982, there were 2,226,061 veterans receiving compensation benefits.

Dependency and indemnity compensation (DIC) benefits are payable to the surviving spouse and children of a veteran whose death occurs during active duty or as a result of service-connected causes. This benefit is intended to compensate for the loss of family income, and DIC benefits are also payable to the needy surviving parents of a veteran whose death is service connected. About 216,443 survivors are currently receiving benefits under this program.

A principal focus of the Committee's concern regarding VA compensation programs is the necessity to ensure that benefits are appropriately adjusted to keep pace with inflation. In the course of the 97th Congress, the Committee conducted hearings on this and other issues involving the need for improvements in these programs.

B. FIRST SESSION

During the First Session of the 97th Congress, the Committee held hearings on June 11, 1981, to engage in oversight of the service-connected compensation programs and to consider S. 917, a bill introduced at the request of the Administration, to provide a cost-of-living increase in compensation benefits and other legislation. Testimony was heard from representatives of the VA and veterans' service organizations.

After reviewing the testimony received at the June 11, 1981, hearing, the Committee met in open session on June 25, 1981, to consider S. 917 and other related bills. The Committee voted unanimously to report S. 917 with an amendment in the nature of a sub-

stitute—derived in part from provisions of other bills before the Committee.

As reported on July 16, 1981, S. 917 provided for a cost-of-living increase in compensation benefits and made other improvements in veterans' programs. On July 24, the Senate passed S. 917 as reported and as amended by unprinted amendments Nos. 294 and 295. On September 21, the House passed S. 917 after striking all after the enacting clause and inserting in lieu thereof the text of H.R. 3995 as reported on July 16 in H. Rept. 97-179, and amended the title. H.R. 3995 was indefinitely postponed. On October 1, the Senate agreed to the House amendments to S. 917 with an amendment by unprinted amendment No. 462. After House concurrence in Senate amendments which were the result of compromise agreements between the House and Senate Committees on Veterans' Affairs, the bill was enacted on October 17, 1981, as Public Law 97-66, the Veterans' Disability Compensation, Housing and Memorial Benefits Amendments of 1981. With respect to VA compensation programs, the provisions of Public Law 97-66:

(1) Increased by an average of 11.2 percent the basic rates of service-connected disability compensation, the rates of compensation payable for certain severe disabilities, the allowance rates payable for dependent spouses, children, and parents, and the annual clothing allowances payable to veterans whose service-connected disabilities necessitate the use of devices that tear or wear out their clothing.

(2) Raised by one full step the statutory award designation that determines the rates of special monthly compensation payable to veterans who suffer from service-connected loss or loss of use of both upper extremities.

(3) Increased by 11.2 percent the rates of dependency and indemnity compensation (DIC) payable to the surviving spouses and the children of veterans whose deaths were service connected.

(4) Limited, in certain cases, the amount of retroactive DIC benefits payable to a veteran's surviving child who, before reaching age 18, had been entitled to DIC and who, after reaching age 18, establishes entitlement to retroactive payment by virtue of attending school.

C. SECOND SESSION

During the Second Session of the 97th Congress, the Committee held hearings on July 13, 1982, to consider S. 2378, introduced at the request of the Administration, to provide a cost-of-living increase in compensation benefits, and other measures related to veterans' benefits. Testimony concerning this legislation was heard from the Veterans' Administration and veterans' service organizations. At the hearing and by means of written questions, the Committee engaged in oversight of the service-connected compensation programs.

After reviewing the testimony received at the July 13 hearing, the Committee met in open session on August 9, 1982, and voted unanimously to report the provisions of S. 2378 as part of an original Committee bill, S. 2913 (S. Rept. 97-550). On September 24,

1982, the Senate passed H.R. 6782, after substituting the provisions of S. 2913 as reported, and as amended, also on September 24, 1982. After Senate concurrence with House amendments to H.R. 6782, which were the result of compromise agreements between the House and Senate Committees on Veterans' Affairs, the measure was enacted into law on October 14, 1982, as Public Law 97-306, the Veterans' Compensation, Education, and Employment Amendments of 1982.

With respect to VA compensation programs, the provisions of Public Law 97-306:

(1) Increased by 7.4 percent the basic rates of service-connected disability compensation, the rates of compensation payable for certain severe disabilities, the allowance rates payable for dependent spouses, children, and parents, and annual clothing allowances payable to veterans whose service-connected disabilities necessitate the use of devices that tear or wear out their clothing.

(2) Provided that a veteran who has suffered blindness without light perception in both eyes shall be compensated at the rate authorized under subsection (n) of section 314 of title 38, United States Code.

(3) Provided that a veteran who has suffered a service-connected anatomical loss or loss of use of one hand or one foot shall be paid at the next intermediate rate, as provided to those who have suffered service-connected total deafness in one ear in subsection (p) of section 314 of title 38, United States Code.

(4) Increased by 7.4 percent the rates, including allowance rates payable for dependent children, dependency and indemnity compensation (DIC) for the surviving spouses of veterans who die from service-connected causes, the DIC rates payable to surviving children where there is no surviving spouse, and the rates payable to surviving children who have attained the age of 18 but who are permanently incapable of self-support or who are in school and not yet 23 years of age.

On February 11, 1982, the Committee held hearings to consider the Administrations' proposed budget for the Veterans' Administration for fiscal year 1983. Several cost-savings proposals were considered at this hearing which concerned the service-connected disability compensation program. Testimony was heard from representatives of the VA and veterans' organizations.

Pursuant to the reconciliation requirements set forth in subsections (a) and (b)(7) of section 2 of S. Con. Res. 92, First Concurrent Resolution on the Budget for Fiscal Year 1983, the Committee recommended certain cost-savings measures in VA compensation programs for inclusion in title 7 of the Omnibus Reconciliation Act of 1982, S. 2774. The Omnibus Reconciliation Act of 1982 was passed by the Senate on August 5, 1982, and was enacted into law on September 8, 1982, as Public Law 97-253. With respect to service-connected compensation benefit programs, Public Law 97-253:

(1) Delayed the payment of benefits for a new award or an increased award of VA compensation or DIC until the first day of the calendar month following the effective date of the award or increased award.

(2) Provided that the effective date of the reduction in VA compensation or DIC, by reason of reduction in the number of the recipients' dependents resulting from the marriage, annulment, divorce, or death of a dependent, shall be the last day of the month—rather than the last day of the year—in which the number of dependents decreased.

(3) Establishes the congressional policy that, in the computation of the fiscal year 1983 cost-of-living increase in compensation rates all benefit amounts of $0.99 or less shall be rounded down to the next lower dollar.

III. Non-Service-Connected Pension Programs

A. OVERVIEW

The VA pension programs provide need-based income-security benefits to wartime veterans who are totally and permanently disabled from non-service-connected causes, or have reached the age of 65, and to the needy surviving spouses and children of wartime veterans. Approximately 1,763,000 persons are receiving VA pension benefits—820,000 veterans and 943,000 surviving spouses and children.

B. COST-OF-LIVING INCREASES

The enactment of the Veterans' and Survivors' Pension Improvement Act of 1978 (Public Law 95–588) restructured the VA pension programs. This measure, effective January 1, 1979, permits veterans and survivors covered under the previous program to elect benefits under the new program established by Public Law 95–588 if they wish to do so and are eligible in terms of income. During the 97th Congress, more than 367,000 veterans and 218,000 survivors elected benefits under the new program. Grandfathering provisions under Public Law 95–588 provide for the continuation of pension benefits to those not eligible for the new program.

All veterans and survivors covered under the new program receive annual automatic cost-of-living increases in their pension benefits at the same percentage rate and at the same time as social security cost-of-living increases occur. This assures these pensioners that their pension incomes keep pace with inflation. Thus, effective June 1, 1981, they receive an 11.2 percent increase and, effective June 1, 1982, a 7.4 percent increase. For those pensioners who do not elect benefits under the new law, and therefore do not receive cost-of-living increases automatically, special provisions in Public Law 95–588 increase, on an annual basis, the income limitations to which such pensioners are subject to ensure that their benefits will not be reduced when they receive their social security cost-of-living increases.

C. BUDGET EFFECTS ON PENSION PROGRAMS

On February 11, 1982, the Committee held hearings to consider the Administration's proposed budget for the Veterans' Administration for fiscal year 1983. Several cost-savings proposals were considered at this hearing which concerned veterans' pension programs. Testimony was heard from representatives of the VA and veterans' organizations.

Pursuant to the reconciliation requirements set forth in subsections (a) and (b)(7) of section 2 of S. Con. Res. 92, First Concurrent Resolution on the Budget for Fiscal Year 1983, the Committee recommended certain cost-savings measures in VA pension programs for inclusion in title 7 of the Omnibus Reconciliation Act of 1982, S. 2774. The Omnibus Reconciliation Act of 1982 was passed by the Senate on August 5, 1982, and was enacted into law on September 8, 1982, as Public Law 97-253. With respect to non-service-connected pension benefits, Public Law 97-253:

(1) Delayed the payment of benefits for a new award or an increased award of pension until the first day of the calendar month following the effective date of the award or increased award;

(2) Provided that the effective date of the reduction in pension, by reason of reduction in the number of the recipients' dependents resulting from the marriage, annulment, divorce, or death of a dependent, shall be the last day of the month—rather than the last day of the year—in which the number of dependents decreased; and

(3) Rounded downward to the next lowest dollar all benefit amounts of $0.99 or less.

IV. Health Care

A. OVERVIEW

The VA's Department of Medicine and Surgery administers a national hospital and medical network for the purpose of providing a complete medical and hospital service for the medical care and treatment of eligible veterans. The VA health-care system is an integrated national system of teaching hospitals, general and specialty clinics, research centers, nursing homes, and other facilities providing a broad range of inpatient and outpatient health-care services to the Nation's 28.5 million veterans.

Health care is provided through 172 hospitals, 226 outpatient clinics, 95 nursing home care units, and 16 domiciliary care facilities. In fiscal year 1981, VA hospitals provided inpatient care to 1.3 million veterans and conducted 15.8 million outpatient visits; VA nursing home care and domiciliary care units provided care to more than 28,400 veterans; hospitals and nursing homes under contract to the VA provided care to approximately 63,900 veterans; and care was provided through State veterans' facilities to approximately 25,000 veterans. In addition, hospital care and outpatient visits were provided to approximately 221,000 individuals through CHAMPVA—the Civilian Health and Medical Program of the Veterans' Administration—under which reimbursements for the cost of health care obtained in private health-care facilities are provided to the spouse and dependent children of a veteran who has a permanent and total service-connected disability and also the survivors of veterans who either died as a result of a service-connected disability or at the time of death had a permanent and total service-connected disability.

B. OVERSIGHT HEARINGS

1. Hearings on the Administration and Status of VA Health-Care Programs

Throughout the 97th Congress, the Committee monitored carefully the general manner in which the VA met its responsibility to provide quality hospital and medical care services to eligible veterans.

On June 9, 1982, a hearing, chaired by Senator Simpson, was held to hear testimony on the VA outpatient health-care system, its progress and its problems, and effects of various laws enacted in the last 10 years on the number of veterans eligible to receive certain VA outpatient health care. The Committee was concerned about the extent to which, given statutory priorities, the VA health-care system is able to provide, currently and in the next decade, services to its eligible veteran outpatient population, especially to the rapidly growing aging veteran population. The Committee heard testimony from the VA and several veterans' organizations.

On June 30, 1982, the Committee conducted a hearing, chaired by Senator Simpson, concerning the health-care programs and policies of the Veterans' Administration which affect the needs of aging veterans who are eligible for VA health care. The Committee is aware of the large group of World War II veterans who are about to reach the age of 65. This group will raise the number of elderly veterans from the present 3 million to about 9 million in 1995. Under current law, veterans who have reached age 65 are eligible within existing VA resources to receive on a nonpriority basis certain VA health-care services without regard to their ability to defray the costs of their care. Keeping in mind the primary mission of the VA, the state of current, geriatric medicine, cutbacks in other social programs, and considerations of cost-effectiveness and this trend, several questions were raised by the Chairman, as follows: How many of this aging population should be served by the VA? How will the VA be able to handle this expanded number of eligible older veterans whose health-care needs will place a great demand on the entire array of health-care services provided by the Veterans' Administration? What impact will this shifting of demographic and geographical patterns have on the plan of the VA to meet the needs of aging veterans? How will changes in medicare and medicaid health-care benefits affect the aging veteran's demand for VA provided services? Should this large non-service-connected population be made eligible at a more restricted level of benefits? Should the VA be expanded to meet the many health-care and social support needs that this aging population will have? How could this best be done? To what degree should it be done?

In addition, the Committee looked at the existing VA Geriatric Research Education and Clinical Centers and the VA's present and future ability to care for its eligible aging veteran population. The Committee was also interested in hearing about cost-effective and high-quality noninstitutional alternatives to some present services which take into account medical, social, and geriatric findings while all the time keeping in mind the fiscal constraints that the

entire VA, as well as the rest of the Federal Government, will continue to experience during the coming years.

The Committee heard testimony from several groups of experts in the field of health care and aging. Those groups included: The Veterans' Administration, medical academic experts, and representatives of veterans organizations.

On January 26, 1982, a hearing, chaired by Senator DeConcini, was held in Phoenix, Ariz., to consider issues relating to the size and growth of the veteran population of Arizona and any developing trends in relation to the ability of the VA health-care system to meet the health-care needs of Arizona's veterans. The hearing focused particularly on the rise in Arizona's veteran population within the past decade and the increasing number of elderly veterans in Arizona and their need for more acute, frequent, and extended care.

Testimony was heard from representatives of the Veterans' Administration's Phoenix Regional Office, Prescott Medical Center, Tucson Medical Center, Phoenix Medical Center, Phoenix Vet Center, and Tucson Vet Center. Also testifying were representatives of the University of Arizona College of Medicine, the National Association of VA Chiefs-of-Staff, the National Association of VA Physicians, the Nurses Organization of the VA, the State of Arizona's Veterans' Affairs Office, various veterans' service organizations, and private citizens.

2. Hearings on issues concerning Vietnam veterans

On November 18, 1981, the Committee conducted an oversight hearing, chaired by Senator Simpson, on the Federal Government's current efforts to resolve the many complex issues surrounding the controversy over the health effects of the use of Agent Orange and other herbicides in Vietnam. In Public Law 96-151, Congress directed the Administrator of Veterans' Affairs to conduct an epidemiological study of persons who served in the U.S. Armed Forces during the Vietnam conflict to determine if they have suffered long-term adverse health effects as a result of exposure to dioxin, a toxic contaminant found in Agent Orange and other herbicides used as defoliants in Vietnam. The hearing was designed to provide a comprehensive review of the current status and future course of the Agent Orange study protocol and the conduct of the study. The hearing was the first opportunity for public presentation of actual time tables and details of the chronology of the epidemiological study, peer reviews of the protocol, DOD reviews on what could or could not be accomplished to develop an exposure index, and reviews of other current and continuing studies that address the health effects of exposure to Agent Orange. Other studies include the Air Force's Ranch Hand Study in which the health of the 1,200 participants in the Agent Orange aerial spraying missions is being examined, the Center for Disease Control's birth defect study, and the Armed Forces Institute of Pathology's tumor registry review.

The Committee heard testimony from the Veterans' Administration, the Dean of the School of Public Health of the University of California at Los Angeles, the Department of Defense, the General Accounting Office, the Office of Technology Assessment, the Agent Orange Working Group, the Department of Health and Human

Services, the Center for Environmental Health at the Centers for Disease Control in Atlanta, Ga., the Armed Forces' Institute of Pathology, and representatives of veterans' organizations.

On July 2, 1981, a hearing, chaired by Senator Specter, was held in Philadelphia, Pa. The hearing, "Vietnam Veterans' Delayed-Stress Syndrome and Agent Orange", was held to gain a broader understanding of the psychological and physical problems experienced by Vietnam-era veterans and, in particular, the approximately 175,000 Vietnam-era veterans in the Philadelphia and Eastern Pennsylvania areas. The hearing focused on efforts by the Federal Government—including the VA's Vet Centers and the Agent Orange epidemiological study—to address both psychological and physical problems of Vietnam-era veterans. Testimony was received from the Veterans' Administration, representatives of veterans' organizations, and several Vietnam veterans.

On August 7, 1981, a hearing, chaired by Senator Specter, was held in Erie, Pa. The hearing, "Vietnam Veterans' Issues", examined certain problems experienced by some Vietnam veterans which have arisen following service in Vietnam, including disabilities, delayed-stress syndrome, symptoms which may be related to Agent Orange, and other general conditions. The hearing was the second in a series of hearings in the State of Pennsylvania to examine the special concerns of approximately 492,000 Vietnam-era veterans in Pennsylvania with a focus on the 26,000 Vietnam-era veterans in the Erie area. Several veterans testified on Agent Orange and delayed psychological stress. Representatives from State and Federal Veterans' Affairs offices also submitted testimony, including the Administrator of the VA Medical Center in Erie, an Assistant District Counsel for the VA, and the Director of the Governor's Veterans' Outreach and Assistance Center in Erie, and two VA doctors.

On September 19, 1981, a hearing, chaired by Senator Specter, was held in Pittsburgh, Pa., to address various Vietnam veterans' issues, particularly readjustment problems related to Agent Orange and delayed stress. The hearing, the third in a series of hearings in Pennsylvania on Vietnam veterans' issues, focused on the concerns of the more than 100,000 Vietnam-era veterans who live in the Pittsburgh area. Testifying for the VA was the Director, the Chief of Staff, the Chief of Ambulatory Care, and the Chief of Psychiatry at the VAMC in Pittsburgh. Several Vietnam veterans also testified.

On November 11, 1981, a hearing, chaired by Senator Specter, was held in Philadelphia, Pa. The hearing, "Federal Government Support for American Veterans", the fourth in a series of hearings in Pennsylvania, focused on general concerns of veterans and the role of the Federal Government in supporting its veterans. Testimony was submitted by veterans from World War I, World War II, the Korean conflict, and the Vietnam era.

C. ADDITIONAL VA REPORTS

1. Medical school assistance and health manpower training

On February 7, 1981, pursuant to section 5070(h) of title 38, United States Code, the VA submitted a report to the Committee,

entitled "Activities Carried Out Under the Veterans' Administration Medical School Assistance and Health Manpower Training Act of 1972—Public Law 92-541" (Committee Print No. 2). The report included an appraisal of the effectiveness of the medical school assistance and health manpower training programs, an appraisal of the contributions of those programs to the improvement of the quantity and quality of physicians and other allied health-care professionals who furnish health-care services to veterans, a list of approved and funded projects, and recommendations for the improvement of these programs.

2. Exchange of medical information programs

On February 12, 1981, the Committee received a report submitted by the VA, entitled "Annual Report on the Exchange of Medical Information and Sharing Medical Resources Fiscal Year 1980" (Committee Print No. 3), pursuant to section 5057 of title 38, United States Code. The report included an appraisal of the effectiveness of the programs for exchanging information and resources, the degree of cooperation from other sources, and recommendations for improving the program.

3. Special medical advisory group

On April 7, 1981, the Committee received a report submitted by the VA, entitled "A Preliminary Report of the Special Medical Advisory Group of the Veterans' Administration", pursuant to section 4112(a) of title 38, United States Code. The report included an appraisal of the effectiveness of the special advisory group in carrying out its duties and a summary of some important recent activities such as: Eligibility and entitlement, geriatrics and gerontology, affiliation with education institutions, and medical research.

4. Health care for veterans in Puerto Rico and the Virgin Islands

On April 9, 1981, a report submitted by the VA was received by the Committee, entitled "Health Care for Veterans in Puerto Rico and the Virgin Islands" (Committee Print No. 7), pursuant to section 8 of Public Law 95-520 as modified by section 407 of Public Law 96-330. This report summarized a study of health care in Puerto Rico and the Virgin Islands and presented four options for the delivery of inpatient care, six for outpatient care and five for nursing home care, all of which incorporate considerations of the economy of the area, the alternative care available, the desirability of equitable distribution of VA resources, and the priority for care of service-connected disabilities. Included in each of the options are both estimated, one-time construction costs and recurring operating costs.

5. Special pay for physicians and dentists in the Department of Medicine and Surgery

On July 20, 1981, pursuant to section 104 of Public Law 96-330, the VA submitted a report to the Committee, entitled "Implementation of Special Pay for Physicians and Dentists in the Department of Medicine and Surgery" (Committee Print No. 9). Public Law 96-330 established permanent authority to ensure that the levels of total pay for VA physicians and dentists are comparable

with the pay of physicians and dentists in other Federal departments and agencies and with the income of non-Federal physicians and dentists. The report is a review of the implementation of section 4118 of title 38, United States Code, as amended by Public Law 96-330, the Veterans' Administration Health-Care Amendments of 1980. The background for the legislation and descriptions of criteria and exclusions related to special pay entitlement are included.

In addition, on June 10, 1982, the Committee received the "Annual Report on Special Pay for Physicians and Dentists" (Committee Print No. 14), prepared by the VA pursuant to section 104(a)(4) of title I, Public Law 96-330. The report reviews the implementation of the Administrator's and Chief Medical Director's actions, findings, recommendations, and other activities for the fiscal year concerning special pay for VA physicians and dentists, the impact of special pay legislation on recruitment and retention of VA physicians and dentists, and the plans for the following fiscal year regarding the implementation of section 4118 of title 38, United States Code.

6. Study of feasibility and desirability of converting selected health-care occupations to title 38

On September 1, 1982, a Department of Medicine and Surgery Task Force submitted a report to the Committee, entitled "Study of Feasibility and Desirability of Converting Selected Health-Care Occupations to Title 38", pursuant to Public Law 96-330. The report provides a comprehensive analysis of health-care occupations within DM&S, and makes recommendations to the Administrator on conversion of certain title 5 employees to title 38. The task force recommended that licensed practical/vocational nurses, physical therapists, and certified or registered respiratory therapists be converted from title 5 to title 38. The task force also recommended that special incentive pay rates be established for heart/lung machine technicians, opthalmology technicians, cardiac catheterization technicians, orthopedist/prosthetic technicians, hemodialysis technicians, and dental hygienists. Finally, the task force recommended that the VA establish a special examining unit within DM&S to assume responsibility for competitive recruitment for clinical pharmacists, clinical dietitians, social workers, psychologists, occupational therapists, and audiology/speech pathologists.

D. FORMER PRISONER OF WAR BENEFITS ACT OF 1981

(PUBLIC LAW 97-37)

On April 22, 1981, Senator Alan Simpson, the Chairman of the Committee, held hearings on S. 486 (introduced by Senator Thurmond), S. 251 (by Senator Abdnor), and S. 670 (by Senator Cranston). As introduced, these bills contained former prisoner-of-war related provisions such as the establishment of an Advisory Committee on Former POW's; open-ended presumption of service connection for the conditions of psychosis, psychoneurosis and psychophysiologic disorders and for various nutritional diseases; educational benefits for certain active duty personnel who were held captive in Iran during 1980 and 1981; establishment of an annual

POW/MIA Recognition Day; and reduction or elimination of the time period during which a veteran must have been held as a prisoner of war in order to be eligible for services and benefits. Testimony was received from Senator James Abdnor, the Veterans' Administration, and representatives of veterans' organizations.

The Committee met in open session on May 13, 1981, and voted unanimously to report favorably S. 468 with an amendment in the nature of a substitute (S. Rept. No. 97-88).

On June 4, 1981, the Senate passed H.R. 1100, after striking all after the enacting clause and inserting in lieu thereof the text of S. 468. On July 30, 1981, the House agreed to the Senate amendments and the Senate concurred in the House amendments. The bill was signed by the President as Public Law 97-37 on August 14, 1981.

As enacted, the provisions of Public Law 97-37:

(1) Provided for the establishment of an Advisory Committee on Former Prisoners of War, the membership of which is to include representatives of former prisoners of war, individuals who are recognized authorities in fields relating to disabilities which occur often in former prisoners of war, and representatives of disabled veterans.

(2) Defined the term "former prisoner of war" for purposes of title 38, United States Code, to include persons who, during active service during a period other than a period of war, are held under circumstances that the Administrator finds comparable to circumstances involved in internment during a period of war.

(3) Reduced from 6 months to 30 days the minimum period of internment required for the application of the presumptions that certain disabilities of former prisoners of war are service connected.

(4) Eliminated the requirement that in order to be presumed service connected a psychosis of a former prisoner of war must become manifest within 2 years after release from active duty.

(5) Added the anxiety states (anxiety neuroses) to the disorders of former prisoners of war to which the presumptions of service connection apply.

(6) Provided veterans who are former prisoners of war with eligibility for VA hospital and nursing home care, prehospital and posthospital outpatient treatment, and outpatient treatment to obviate the need for hospital admission.

(7) Placed former prisoners of war whose disabilities have not been determined to be service connected in a priority category for outpatient care ahead of all other veterans who have no service-connected disabilities.

(8) Required the Administrator to maintain a centralized record of all claims of former prisoners of war for disability compensation and of the disposition of such claims for a 3-year period at the end of which to submit a final report on the results of the disposition of such claims, together with any recommendations that the Administrator may have, to the appropriate committees of Congress.

(9) Required that the Administrator, to the maximum extent feasible, seek out former prisoners of war affected by this Act and provide them with information regarding applicable

changes in law, regulations, policies, guidelines, or other directives affecting the benefits to which former prisoners of war are entitled by this Act.

E. VETERANS' HEALTH CARE, TRAINING, AND SMALL BUSINESS LOAN ACT OF 1981 (PUBLIC LAW 97-72)

On April 30, 1981, the Committee held a hearing chaired by Senator Simpson to receive testimony on several health-care related bills. Provisions of these bills included the extension of authority to provide contract hospital care and medical services in Puerto Rico and the Virgin Islands; to establish a new statutory scheme for providing benefits and services to veterans and their children suffering adverse health effects attributable to exposure to toxic substances, radiation, or other chemical or biological agents; to extend the period for requesting readjustment counseling by Vietnam-era veterans; to extend the eligibility period for certain Vietnam-era veterans to use GI Bill education benefits; to clarify the VA's authority to recover the costs of certain non-service-connected health care provided to veterans eligible for care under automobile no-fault insurance policies, worker compensation programs or programs that compensate victims of crime; and to authorize the expansion of an epidemiological study regarding veterans exposed to Agent Orange. Testimony was received from Senators John Chafee, John Heinz, and Larry Pressler, the Veterans' Administration, representatives of veterans' organizations, the National Veterans Law Center, the Center for Policy Research, the American Psychiatric Association, and individual witnesses with experience on the issue of readjustment problems facing Vietnam-era veterans. After reviewing the testimony, the Committee met in open session on May 13, 1981, and voted to report favorably S. 921 with an amendment in the nature of a Committee substitute and a title amendment (S. Rept. No. 97-89).

On June 16, 1981, the Senate passed H.R. 3499, after striking out all after the enacting clause and inserting in lieu thereof the text of S. 921. On October 2, 1981, the House agreed to Senate amendments to H.R. 3499 with amendments. On October 16, 1981, the Senate agreed to House amendments to the Senate amendments to H.R. 3499. On November 3, 1981, H.R. 3499 was enacted as Public Law 97-72, the Veterans' Health Care, Training, and Small Business Loan Act of 1981.

As enacted, Public Law 97-72:

(1) Provided Vietnam veterans with eligibility for basic Veterans' Administration health care (hospital and nursing home care, prehospital and posthospital outpatient treatment, and outpatient treatment to obviate the need for hospitalization) for disabilities that may be related to exposure to dioxin or other toxic substances found in herbicides or defoliants used in Vietnam, and places outpatient treatment for such disabilities in a priority category generally ahead of veterans who have no service-connected disabilities. Similar health-care eligibility and outpatient treatment priority are established for veterans for disabilities that may be related to the veterans' exposure during active duty to ionizing radiation from the detonation of

a nuclear device. These eligibilities and priorities terminate 1 year after the VA submits the first report on the epidemiological study, mandated by Public Law 95–151, of the effects of Agent Orange.

(2) Extended by 3 years the period of time during which eligible Vietnam-era veterans may request readjustment counseling from the VA.

(3) Required the Administrator of Veterans' Affairs to operate and maintain a combined total of 90,000 hospital and nursing home beds in VA medical facilities and also to maintain the availability of such additional beds and facilities as are necessary to fulfill the VA's contingency responsibility to assist the Department of Defense during time of war or national emergency. The President is required to include in the budget for each fiscal year an amount for medical care and amounts for construction sufficient for the VA to operate and maintain a total of not less than 90,000 hospital and nursing home beds and to maintain the contingency capacity.

(4) Required the VA's Chief Medical Director to review annually and report to the Administrator on the VA's health-care admissions policies and on various matters relating to the adequacy of VA operating bed levels and the geographic distribution of VA operating beds. The Administrator, in turn, is required to submit to both Veterans' Affairs Committees an annual report on the Chief Medical Director's findings together with certain recommendations of the Administrator regarding VA operating-bed and treatment-capacity levels and appropriate staffing and funding therefor.

(5) Extended by 9 months, until September 30, 1982, the VA's authority to provide certain contract hospital care and medical services in Puerto Rico, the Virgin Islands, and other territories.

(6) Extended for 5 years, through fiscal year 1986, the Administrator's authority to contract with the Veterans' Memorial Medical Center in Manila for the treatment of U.S. veterans in the Republic of the Philippines, and provides the Administrator with authority for 5 years, also through fiscal year 1986, to make grants of up to $500,000 per year to the Veterans' Memorial Medical Center facility for the replacement and upgrading of equipment and the rehabilitation of the physical plant of that facility.

(7) Expanded the authority to provide care to CHAMPVA beneficiaries in VA medical facilities where their treatment would not interfere with the treatment of any eligible veteran by eliminating the limitation that permits VA care of such beneficiaries to be provided only in VA facilities that are particularly equipped to provide the most effective care.

(8) Clarified that, in the case of a veteran who reenters service before the end of the period of eligibility to apply for VA dental care for noncompensable conditions that arose during his or her first period of service, that eligibility period will be reinstated following discharge from the second period of service.

(9) Strengthened and clarified the VA's authority to recover the costs of veterans' non-service-connected care, in appropriate cases, from workers' compensation carriers, from automobile nofault insurers, and from State and local governments that pay for the costs of health care provided to victims of crimes of personal violence.

(10) Authorized the VA to expand the congressionally mandated Agent Orange epidemiological study and literature review to include an evaluation of the effects on the health of Vietnam veterans of exposure to other substances in Vietnam, including other herbicides, chemicals, medications or environmental hazards or conditions, and to expand the epidemiological study and the literature review to include an evaluation of the means of detecting and treating the adverse health effects found through the study or review. In addition, the Administrator is required, within 90 days after the submission of a report of the study, to publish in the Federal Register for public review and comment a description of what actions, if any, the VA proposes to take with respect to VA programs in light of the results of the study and other available information.

(11) Postponed the effective date of a change made by Public Law 96-330 in the method of computing retirement annuities for individuals retiring from the VA's Department of Medicine and Surgery who served on a part-time basis during their careers and repealed a technical amendment made to that change by Public Law 96-385. Under this change, DM&S employees retiring after December 31, 1981, will, in the computation of their annuities, receive service credit for their part-time service on a proportionate basis equal to the fraction that this service bears to full-time service.

F. VETERANS' ADMINISTRATION AND DEPARTMENT OF DEFENSE HEALTH RESOURCES SHARING AND EMERGENCY OPERATIONS ACT (PUBLIC LAW 97-174)

On January 27, 1981, Senator Percy introduced S. 266, the proposed "Federal Interagency Medical Resources Sharing and Coordination Act of 1981" which was referred jointly to the Committee on Veterans' Affairs and the Committee on Governmental Affairs. The Committee on Governmental Affairs reported the bill without amendment on June 15, 1981, and on June 17, 1981, the Committee held a hearing, chaired by Senator Murkowski, to consider the provisions of that bill to establish a Federal Interagency Medical Resources Committee to ensure the most efficient and effective use of Federal direct health-care resources. Submitting testimony to the Committee were Senator Charles H. Percy, the Department of Defense, the Veterans' Administration, the Federal Emergency Management Agency, the General Accounting Office, and veterans' service organizations. A Committee amendment, in the nature of a substitute, was reported favorably on September 29, 1981 (S. Rept. No. 97-196). On October 27, 1981, the Senate passed S. 266 as reported by the Committee and as amended by unprinted amendments Nos. 543 and 544. On November 4, 1981, the House passed

S. 266, after striking out all after the enacting clause and inserting in lieu thereof the text of H.R. 3502. On April 2, 1982, the Senate agreed to House amendments to S. 266, with an amendment—unprinted amendment No. 871—and a title amendment. On April 20, 1982, the House agreed to Senate amendments to the House amendments to S. 266. The bill was enacted on May 4, 1982, as Public Law 97-174, the Veterans' Administration and Department of Defense Health Resources Sharing and Emergency Operations Act.

As enacted, Public Law 97-174:

(1) Set forth Congressional findings that—

(a) present incentive for the sharing of Veterans' Administration and Department of Defense health-care resources are inadequate and the achievement of opportunities for greater sharing could benefit both veterans and members of the Armed Forces and could reduce costs by minimizing duplication and underuse of resources; and

(b) during and after a period of war or national emergency involving U.S. Armed Forces in armed conflict, DOD might not have adequate health-care resources, and the VA's health-care system could be used to assist DOD in caring for military personnel wounded in combat and other active-duty personnel.

(2) Established a VA/DOD Health-Care Resources Sharing Committee (hereinafter referred to as "the Committee") composed of the Chief Medical Director of the VA, the Assistant Secretary of Defense for Health Affairs, and such other employees as they designate, with the chair of the Committee to alternate between the Chief Medical Director and Assistant Secretary each fiscal year (the Chief Medical Director chairing in fiscal year 1983).

(3) Required the Committee, within 9 months of the date of enactment and thereafter as appropriate, to make recommendations to the Administrator of Veterans' Affairs or the Secretary of Defense or both for promoting the sharing of health-care resources between the two agencies that would not adversely affect the range of services, the quality of care, or the established priorities for care provided by either agency.

(4) Required the Committee, on a continuing basis, to review existing policies and practices relating to the sharing of health-care resources between the two agencies; to identify and assess further opportunities for sharing that would not adversely affect the range of services, the quality of care, or the established priorities for care of either agency; to identify changes in policies and practices that will promote such sharing; to monitor plans of the agencies for the acquisition of additional health-care resources; and to monitor the implementation of activities designed to promote sharing.

(5) Required that, within 1 year after the date of enactment and after considering the initial recommendations of the Committee, the Administrator of Veterans' Affairs and the Secretary of Defense shall jointly establish guidelines to promote interagency sharing of health-care resources consistent with the health-care responsibilities of VA and DOD. Such guide-

lines must authorize sharing agreements between local VA and DOD facility administrators which permit either facility to treat eligible beneficiaries of the other agency on a referral basis and must require the reimbursement to the providing facility for the costs of services provided at rates reflecting local conditions and actual costs. Each proposed agreement must be submitted to the head of each agency for a 45-day review period after which the agreement shall become effective unless earlier approved by both agencies or disapproved by either.

(6) Provided for the annual submission to Congress of a joint report by the Administrator of Veterans' Affairs and the Secretary of Defense on the sharing of health-care resources between the two agencies to include, among other things, the guidelines referred to in item (5), above, and any revisions of them, an assessment of opportunities for sharing that the Committee has identified, a review of sharing agreements and a summary of activities under such agreements, and any legislative recommendations that the Administrator and Secretary consider appropriate with respect to sharing.

(7) Provided that, during and immediately following a period of war or national emergency involving U.S. Armed Forces in armed conflict, the VA may furnish health-care services to active-duty members of the Armed Forces and may give a higher priority in the furnishing of care to members of the Armed Forces on active duty than to any other group of persons eligible for VA care with the exception of veterans with service-connected disabilities. VA facilities providing care to Armed Forces members under this authority would be reimbursed for the costs of providing care at rates agreed upon by the Administrator of Veterans' Affairs and the Secretary of Defense.

(8) Provided that, during a period that the VA is authorized to furnish care to the Armed Forces members (as discussed in item (7), above), the VA may, to the extent authorized by the President and subject to funding availability, contract with private facilities for the provision of hospital care and medical services to specific groups of eligible veterans with urgent health-care needs that might otherwise not be met in VA facilities.

(9) Required the Administrator of Veterans' Affairs and the Secretary of Defense, not later than 6 months after the date of enactment, to enter into an agreement to plan and establish procedures and guidelines for the implementation of the VA's emergency backup role (discussed in item (7), above) and, not later than 1 year after the date of enactment, to complete those plans and submit them to the House and Senate Veterans' Affairs and Armed Services Committees. Thereafter, the Administrator and Secretary must review those plans no less often than annually and report any modifications in the plans to those committees.

(10) Required, within 30 days after a declaration of war or national emergency involving U.S. Armed Forces in armed conflict (or as soon thereafter as is reasonably practical), the Administrator of Veterans' Affairs to submit to the Commit-

tees on Veterans' Affairs a report on VA implementation of the plan for the allocation of VA facilities and personnel to provide health care to members of the Armed Forces. Also, within 90 days after the end of any fiscal year in which the Administrator uses the contract authority discussed in item (8), above, the Administrator must submit to those committees a report on the use of that authority.

(11) Designated the Veterans' Administration medical center in Indianapolis, Ind., the "Richard L. Roudebush Veterans' Administration Medical Center".

G. VETERANS' ADMINISTRATION HEALTH-CARE PROGRAMS IMPROVEMENT AND EXTENSION ACT OF 1982 (PUBLIC LAW 97-251)

On April 21, 1982, the Committee held hearings to consider the provisions of several legislative initiatives, which were intended to improve the VA's ability to recruit and retain quality nursing personnel, extend certain expiring VA health-care programs, and address various other health-care issues. Testimony was heard from the Veterans' Administration, the Nurses' Organization of the Veterans' Administration, the National Association of State Veterans' Homes, and veterans' organizations.

The Committee met in open session on April 28, 1982, and voted unanimously to report S. 2385, a bill in the nature of a Committee substitute, which included certain of the provisions of S. 2383, S. 2384, S. 2385, and S. 2389 (S. Rept. No. 97-467). On June 21, 1982, the Senate passed H.R. 6350, after striking out all after the enacting clause and substituting the text of S. 2385, as reported. On August 19, 1982, the House agreed, with amendments, to the Senate's amendments. On August 20, 1982, the Senate concurred in the House amendments. On September 8, 1982, H.R. 6350 was enacted into law, as Public Law 97-251, the Veterans' Administration Health-Care Programs Improvement and Extension Act of 1982.

As enacted, Public Law 97-251:

(1) Modified the Administrator of Veterans' Affairs' authority to increase, for recruitment and retention purposes, the rates of additional pay for VA nurses by permitting that authority to be exercised on a nationwide, local, or other geographic basis if the Administrator finds that the increase is justified based on a review of a representative sampling of non-Federal health-care facilities in the geographic area involved.

(2) Authorized the Administrator, where it is necessary for recruitment and retention purposes, to extend the period for which overtime pay is paid to VA nurses and others for work on a weekend to include part or all of a tour of duty that occurs at least in part on a Saturday. This provision was previously limited to a period of work that occurs at least in part on a Sunday. The extension may be made on a nationwide, local, or other geographic basis if justified on the basis of a review of the need for it in the geographic area involved. The rate of premium pay for Saturday work would not exceed the lesser of the percentage of hourly pay the Administrator determined for recruitment and retention in the geographic area involved or

the rate of additional pay for "Sunday" work (currently 25 percent of the hourly rate of pay).

(3) Clarified the Administrator's discretionary authority to provide at his discretion that physician assistants and dental auxiliaries may receive an increased rate of overtime pay for weekend work (discussed in items (1) and (2), above) competitive with overtime pay at non-Federal health-care facilities in the same geographic area.

(4) Authorized the Administrator to provide where it is necessary for recruitment and retention purposes, that VA nurses who work two regularly scheduled 12-hour tours of duty between midnight Friday and midnight the following Sunday shall be considered to have worked a full 40-hour workweek. The hourly rate of basic pay for "Baylor Plan" nurses is derived by dividing the nurse's annual rate of basic pay by 1,248. Entitles "Baylor Plan" nurses to overtime pay for service in excess of 8 hours on a day other than a Saturday or Sunday or in excess of 24 hours on a weekend. The Administrator may determine that such nurses be paid overtime pay for all or part of the hours in excess of 40 hours during an administrative workweek. A nurse who is on sick leave or annual leave during a regularly scheduled 12-hour tour of duty will be charged at a rate of 5 hours of leave for 3 hours of absence.

(5) Required the Administrator to publish the proposed regulations for the implementation of the authorities to increase rates of pay, to extend the weekend overtime pay period, and to utilize the "Baylor Plan", not later than 120 days after the enactment of this Act. Final regulations are required to be published in the Federal Register not later than 300 days after the enactment of this Act.

(6) Authorized the Administrator to make VA Health Professional Scholarship Program assistance (which previously could be granted only for full-time study) available to full-time VA employees for part-time study. If awarded a scholarship, an employee could shift to working on a not less than half-time basis while pursuing training. The scholarship award period for part-time students generally may not exceed 4 years but may be extended in certain circumstances to 6 years. No stipend would be payable to a VA employee working full time. The stipend payable to a part-time student would be based on the number of credit hours carried in proportion to the number of credit hours that constitute full-time study and would be paid for only the months when the student is actually attending courses.

(7) Clarified the Administrator's responsibility to appoint promptly scholarship participants as full-time DM&S employees after their training has been completed, if not already employees, and clarified the provisions of law which establish the date when the participant's period of obligated service began. Directed the Administrator to determine the date when part-time participants begin the period of obligated service. Determined that a participant who is already a full-time DM&S employee will begin the period of obligated service on the date of course completion.

(8) Extended, by 1 year, until September 30, 1983, the Administrator's authority to provide certain contract health care in Puerto Rico and the Virgin Islands in order to provide hospital care for non-service-connected care to obviate the need for hospital admission for such disabilities.

(9) Reinstated CHAMPVA eligibility for the survivors and dependents of certain severely disabled service-connected veterans if an individual has lost CHAMPVA eligibility by virtue of becoming eligible for hospital insurance benefits under part A of medicare and then has exhausted some or all of the medicare benefits.

(10) Extended, for 1 year, until March 31, 1984, the date by which the Administrator is to report to the Congress on a pilot program of alcohol and drug treatment and rehabilitation and by 1 year, until September 30, 1983, the period of the pilot program to be covered in the report.

(11) Extended, for 4 years, through September 30, 1986, the authorization of appropriations for matching-fund grants to States for the construction of State veterans' home domiciliary and nursing home facilities, and for the expansion, remodeling, or alteration of State veterans' home domiciliary, nursing home, and hospital facilities at a level of "such sums as may be necessary".

(12) Included State veterans' home facilities as part of the medical community with which the Administrator may enter into agreements to make available certain VA educational facilities and programs.

(13) Required the Administrator to submit to Congress a report on the results of the use of the VA's use of flexible and compressed work schedules no later than July 1, 1984. The report is required to include an evaluation of the effects of such schedules on the recruitment and retention of VA employees, and on the employees' productivity, morale, and effectiveness, as well as the Administrator's recommendations on the need for and use of the work schedules.

H. OMB CIRCULAR A-76

Under Office of Management and Budget Circular A-76, Federal Government agencies are required to contract with the private sector for the performance of certain commercial and industrial type activities where substantial savings to the Government would result.

In the First Session of the 97th Congress, it came to the Committee's attention that the preliminary studies mandated by A-76 comparing the cost of contracting out to the cost of in-house performance by Government employees could alone require as much as $29 million of DM&S funding to be diverted from other DM&S functions. Accordingly, both this Committee and the House Veterans' Affairs Committee approved provisions to restrict the use of funds that had been appropriated for health-care purposes to conduct such cost comparison studies. Subsequently, a provision, enacted in Public Law 97-66 as section 5010(a)(5) of title 38, specified that funds from the various VA medical care accounts may not be

used to conduct such cost comparison studies unless such funds have been appropriated specifically for that purpose.

In order to address the question of whether and to what extent such funds ought to be appropriated, and in response to considerable concern in the veteran community among and members of the Senate about how Circular A–76 would be applied within DM&S and the effect that it would have on the provision of health-care services at VA facilities, the Committee held a hearing on November 5, 1981, to explore the issues. Among the specific concerns addressed were the accountability of a contractor's employees to the hospital's management, the employment prospects of displaced VA employees, especially those hired under veterans' preference authorities, the possibility of a strike, and the disruption of services that it would cause, the agency's diminished leverage to negotiate and preserve actual cost savings through the contract once the agency's in-house capability has been dismantled, and various other management flexibility and employee morale issues. Testimony was received from VA officials representing the Office of the Administrator, the Department of Medicine and Surgery, and the General Counsel's Office, as well as representatives from OMB, the Air Force (which has had some experience in contracting out in its medical facilities), GAO, various national veterans' organizations, federal employee unions, private sector contractors, and from the directors of two VA Medical Centers.

In formulating its response to the information presented at the hearing, the Committee's overriding concern was that no purely cost-savings initiative should be permitted to interfere with the provision by the VA of quality direct health-care services to eligible veterans, and that care should be taken to ensure that there will be no possibility that any contracting out that is undertaken will have any adverse effect, either directly or indirectly, on patient care. However, the Committee expressed its belief that the entire Federal Government—including the Veterans' Administration—should be run in the most cost-effective manner that is consistent with the accomplishment of important governmental objectives, such as the provision of quality health care for our Nation's veterans through the hospitals, nursing homes and domiciliary facilities administered by DM&S.

Consistent with these concerns, the Committee reported out, as part of the Veterans' Compensation, Education, and Employment Amendments of 1982 (subsequently enacted as Public Law 97–306), certain restrictions codified in new subsection (c) of section 5010 of title 38, United States Code, on the Administrator's authority to contract out within DM&S. Section 5010(c) provides that, except with regard to certain existing contract authority under title 38, no contracting out that would result in the conversion of a DM&S activity from Government performance to contractor performance could take place unless, first, the Chief Medical Director determines that the activity in question is not a direct patient care activity or an activity incident to direct care; and, second, the Administrator determines that the contract in question would reduce the cost of that activity by at least 15 percent and would not reduce the quantity or quality of health-care services available at the medical center involved. For cost-comparison purposes, the cost of

performance by Government employees would be based on an estimate of the most efficient and cost-effective organization for effective in-house performance, and the cost of conducting the cost comparison study itself would be added to the cost of the contract in computing the 15 percent differential. It is further provided that the cost data used in the comparison should be derived insofar as possible from actual VA experience and that the factors applied be firmly drawn so as not to favor either contracting out or in-house performance of the activity in question.

The Committee notes that in the HUD-Independent Agencies Appropriations Bill for Fiscal Year 1983, Public Law 97-272, $2 million was appropriated for cost comparison studies pursuant to the new requirements of section 5010(a)(5). It is the Committee's understanding that the approximately 260 individual cost comparison studies that would thus be funded would be limited to grounds maintenance, medical transcription, and painting activities in the larger, metropolitan VA medical centers.

I. OUTPATIENT DENTAL BENEFITS

Pursuant to the reconciliation requirements of section 302(13) of House Concurrent Resolution 115, the First Concurrent Resolution on the Budget for Fiscal Year 1982, the Committee reported to the Senate Budget Committee a provision imposing certain restrictions on outpatient dental benefits, and this provision passed the Senate on June 25, 1981, in title XX of S. 1377, the Omnibus Budget Reconciliation Act of 1981. The version of this provision which was ultimately enacted in Public Law 97-35 contained the following three restrictions: First, the period of time after discharge within which the veteran must apply for these benefits was reduced from 1 year to 3 months (with a requirement that departing servicemembers be notified of this restriction); second, a 180-day minimum-service requirement was imposed; and third, benefits will not be provided to a veteran who has been certified by the armed service concerned as having received a complete dental examination and all indicated treatment during the 90 days immediately prior to discharge.

J. VA MEDICAL CENTER MAJOR CONSTRUCTION AND LEASE PROPOSALS

Section 5004(a) of title 38, United States Code, as added by Public Law 96-22, the Veterans' Health Care Amendments of 1979, provides that no appropriation may be made for the construction, alteration, or acquisition of any VA medical facility costing more than $2 million, or for the lease of any medical facility at an annual rental of more than $500,000 without the prior approval of both the Senate and House Veterans' Affairs Committees.

For fiscal year 1982, the President requested funding for 23 VA medical facility construction projects estimated to cost $2 million or more, as well as for six new major leases. By a resolution adopted at a June 25, 1981, Committee markup session, and subsequently amended by a poll of the Committee members on July 13, 1981, the Committee approved all 23 of requested major construction projects. However, the Committee approved only one of the six requested leased projects, since the other five had not yet received

OMB clearance and thus were not ripe for the Committee's consideration.

For fiscal year 1983, the President's February request sought funding for 26 major construction projects estimated to cost $2 million or more. By a resolution adopted by the Committee on August 12, 1982, all of these projects were approved. Subsequently, in August of 1982, the President submitted to Congress a request for one additional construction project, entitled "Clinical Addition and Alterations" at the Murfreesboro, Tenn., VA Medical Center. The Murfreesboro facility is affiliated with the traditionally black Meharry Medical College, located in Nashville, Tenn., and the project was proposed in order to strengthen the affiliation and to enable Meharry to retain its accreditation. The Committee adopted a resolution of approval for the design and site preparation phase of the Murfreesboro project on September 21, 1982. Attached to the resolution, however, was a statement of views expressing the Committee's misgivings about the incompleteness of the information offered by the Administration in support of its request, and the Committee's intention to require more thorough information before approving the construction phase of this project.

V. Educational Benefits

A. OVERVIEW

Readjustment benefits under the GI Bill consists of various types of educational assistance for eligible veterans, dependents, and survivors. The main purposes of such assistance are to help the veteran readjust to civilian life in a productive capacity, to compensate for the loss of educational or vocational opportunities during the veteran's period of service to the Nation, and to provide vocational rehabilitation opportunities to those whose ability to obtain employment has been impaired as a result of service-connected disability. In addition, GI Bill benefits have served as a significant recruitment device for the Armed Forces.

Educational assistance is also provided by the VA to the dependents of veterans with permanent and total disabilities and to the survivors of those whose deaths are service connected. Such assistance to these survivors and dependents is intended to compensate for the service-connected impairment of the veteran's ability to bear the cost of education of his or her family members and, in the case of the veteran's death, to assist the surviving spouse in attaining economic self-sufficiency.

Vocational rehabilitation opportunities are provided to service-connected disabled veterans under chapter 31 of title 38, United States Code. Under chapter 34 of title 38, educational assistance is provided to eligible Vietnam-era veterans and to servicepersons who entered the service between August 6, 1964, and January 1, 1977, and are otherwise eligible, in order to assist them in their readjustment to civilian life following military service. Survivors and dependents of veterans whose deaths or permanent and total disabilities are service connected are eligible for educational assistance under chapter 35. Under chapter 32, post-Vietnam-era veterans (those entering the service after December 31, 1976, and other-

wise eligible) are entitled to participate in an educational assistance program wherein participants contribute from $24 to $100 of their monthly military pay. These contributions are then matched by the Department of Defense on a two-for-one basis when the veteran enrolls in an approved course of education.

Of the 900,000 million participants in all VA educational assistance programs during fiscal 1982, almost more than 86 percent were veterans and servicepersons receiving benefits under chapter 34. Approximately 91,000 were spouses, surviving spouses, sons, and daughters receiving benefits under chapter 35; and approximately 31,000 were veterans enrolled in vocational rehabilitation programs under chapter 31. Approximately 24,000 post-Vietnam-era veterans participated in training under chapter 32 in fiscal year 1982. The number of participants who were in training during fiscal year 1982 represented a decrease of more than 174,000 from fiscal year 1981, and brought the total number of participants under the current GI Bill to almost 7.9 million.

B. REPORTS

In March 1982, the Committee received the Department of Defense's final report on the Educational Assistance Test Program mandated in Public Law 96–342, the "Fiscal Year 1981 Department of Defense Authorization Act", which established three new experimental educational assistance programs to attract high-quality enlistees to the Armed Forces. These programs were tested between December 1, 1980, and September 30, 1981, to study their effectiveness for recruiting. All four services participated in the test design developed by the Office of the Assistant Secretary of Defense Manpower, Reserve Affairs, and Logistics with the assistance of the Rand Corporation. In February 1982, the Committee received the Rand Corporation's report, entitled "Enlistment Effects of Military Educational Benefits", prepared for the Office of the Assistant Secretary of Defense Manpower, Reserve Affairs, and Logistics.

In November 1981, pursuant to section 1642 of title 38, United States Code, the Veterans' Administration and the Department of Defense transmitted to the Committee the Fourth Annual Joint Report on the Implementation of the Post-Vietnam-Era Veterans' Educational Assistance Act of 1977 (VEAP). (Fifth Annual Report to be added when received from DOD.)

During the First Session of the 97th Congress, the Administrator of Veterans' Affairs transmitted to the Committee, pursuant to section 1796(d) of title 38, United States Code, a report on "Deceptive Advertising Directed at Veterans by Educational Institutions". (Second Session to be added when received.)

In September 1982, the Administrator transmitted to the Committee, pursuant to a 1978 agreement with the Committee, a periodic report on "Waivers for Courses Offered on Military Bases and for Other Branches and Extensions", June 1, 1981 through May 31, 1982.

C. PROPOSED NEW GI BILL EDUCATION PROGRAMS

The Committee held hearings on July 22 and 23, 1981, to consider numerous bills relating to veterans' education, several of which

proposed new GI Bill education programs. The Committee heard testimony from Senators Roger W. Jepsen, William S. Cohen, John W. Warner, and William L. Armstrong, Congressmen Bob Edgar and G. V. "Sonny" Montgomery, the Department of Defense, the Veterans' Administration, and many representatives of veterans' service organizations and educational organizations. Although the Committee focused a significant amount of attention on proposed new GI Bill education programs and the testimony on those programs, no action was taken during the 97th Congress.

D. VETERANS' COMPENSATION, EDUCATION, AND EMPLOYMENT AMENDMENTS OF 1982

On July 28, 1982, the Committee held hearings, chaired by Senator Simpson, on S. 2747, a measure proposing to make adjustments and improvements in the education and vocational rehabilitation programs administered by the Veterans' Administration, and other matters related to veterans' affairs. Testimony was received from the Veterans' Administration, the Congressional Budget Office, the Department of Defense, and representatives of the veterans' service organizations. At the hearing and by means of written questions submitted by the Chairman and others, the Committee engaged in oversight of the education programs administered by the Veterans' Administration.

After reviewing the testimony received at the July 28 hearing, the Committee met in open session on August 19, 1982, and voted unanimously to report the provisions of S. 2747 as part of an original Committee bill, S. 2913 (S. Rept. No. 97-550). On September 24, 1982, the Senate passed H.R. 6782, after substituting the provisions of S. 2913, as reported and as amended, also on September 24, 1982. After Senate concurrence with House amendments to H.R. 6782, which were the result of compromise agreements between the House and Senate Committees on Veterans' Affairs, the measure was enacted into law on October 14, 1982, as Public Law 97-306, the Veterans' Compensation, Education, and Employment Amendments of 1982.

With respect to VA education and rehabilitation programs, Public Law 97-306:

(1) Repealed the mandatory nature of the veterans' representative (vet rep) program and permits the Administrator to outstation veterans' benefits counselors at educational institutions and other locations to provide assistance regarding benefits.

(2) Repealed the current GI Bill requirement that vocational schools report on the number of their graduates who, during the preceding 2-year period, have obtained employment in the field for which the school provided training.

(3) Provided that schools in which service personnel pursuing high school completion or general equivalency certificates are enrolled without charge to their entitlement must comply with the 85-15 veteran dependent enrollment provision.

(4) Clarified that the rate at which entitlement to GI Bill educational benefits is charged for programs composed wholly

of independent study shall be at the rate at which benefits are paid, but not in excess of the less than half-time rate.

(5) Provided that the prohibition of payment of a certain amount of the educational assistance allowance or rehabilitation subsistence allowance to individuals incarcerated for the conviction of a felony does not apply to those residing in halfway houses or participating in work-release programs.

(6) Amended the prohibition on payments of VA educational assistance allowances or rehabilitation subsistence allowances to incarcerated veterans and eligible persons for any course to the extent that tuition and fees for the course are paid under another Federal, State, or local program and for which no tuition and fees are charged, to apply only to veterans and eligible dependents incarcerated for the conviction of a felony.

(7) Amended procedures for establishing eligibility and extends for one additional year, until December 31, 1984, the delimiting date for apprenticeship, on-job training, and vocational objective programs and programs of secondary education for Vietnam and disabled veterans, effective retroactively to January 1, 1982.

(8) Required the VA Administrator, within 30 days after enactment of this legislation, to publish for public review and comment proposed regulations to implement the extension of the delimiting date for Vietnam and disabled veterans who are unskilled and undereducated.

(9) Authorized the Administrator under certain conditions to suspend the enrollment of all eligible veterans and dependents in certain courses where there is a substantial pattern of noncompliance with the law on the part of the educational institution.

(10) Authorized the VA Administrator to utilize the post-Vietnam-era Veterans' Educational Assistance Program (VEAP) fund account for the purposes of receiving funds transferred to the VA by the Department of Defense under a DOD-funded educational assistance test program and to disburse those funds to beneficiaries enrolled in that program.

(11) Provided that for purposes of calculating the amount of a VEAP participant's monthly VEAP benefits, lump-sum contributions may be considered to have been in monthly military pay deductions of up to $100 rather than the current $75.

E. OTHER EDUCATION RELATED LEGISLATION

Several other laws were enacted during the 97th Congress which contained provisions concerning the education programs administered by the VA.

Public Law 97-66, the Veterans' Disability Compensation and Survivors' Benefits Amendment of 1981, contained a provision which modified the rules for determining the delimiting period for surviving spouses of deceased service-connected veterans, and liberalized the approval requirements for nonaccredited educational courses.

Public Law 97-72, the Veterans' Health-Care Training and Small Business Loan Act of 1981, contained a provision which provided a

2-year (January 1, 1982, through December 31, 1983), GI Bill delimiting date extension for a Vietnam-era veteran to use his or her GI Bill benefits to pursue vocational or apprenticeship or other on-job training if the Administrator determines the veteran needs such training in order to achieve a suitable occupational or vocational objective, or to obtain a high school diploma. Public Law 97-306 further extended these benefits until December 31, 1984, and clarified congressional intent with respect to the granting of such extensions by providing that a veteran is eligible for a targeted delimiting date extension for apprenticeship, other on-job, or vocational training unless the veteran's particular employment and training history shows that the veteran in not in need of the training in order to obtain a reasonably stable employment situation consistent with the veterans' abilities and aptitudes.

Additionally, pursuant to the reconciliation requirements of section 302(13) of House Concurrent Resolution 115, the First Concurrent Resolution on the Budget for Fiscal Year 1982, the following restrictions on education benefits were imposed by the Omnibus Reconciliation Act of 1981, which was enacted as Public Law 97-35 on August 31, 1981: GI Bill education benefits for the pursuit of flight training were terminated, effective October 1, 1981, with the exception that those veterans who were enrolled in approved vocational programs as of August 31, 1981, may continue to use their benefits as long as they remain continuously enrolled; with respect to GI Bill education benefits for the pursuit of training by correspondence courses, the portion of the cost of correspondence training paid by the VA was reduced from 70 to 55 percent, effective October 1, 1981; finally, the VA education loan program was terminated effective October 1, 1982, with the exception of loans for certain Vietnam-era veterans who are either continuing their full-time training for the first 2 years after the expiration of the GI Bill delimiting period, or pursuing flight training courses.

VI. Employment

A. OVERVIEW

The Department of Labor has primary responsibility for the implementation of statutory provisions in regard to veterans' employment. Section 2002 of chapter 41, Job Counseling Training and Placement Service for Veterans, in title 38, states congressional intent with respect to veterans' employment programs operated through the Department of Labor's Veterans' Employment Service as follows: "The Congress declares as its intent that there shall be an effective (1) job and job training counseling program, (2) employment placement service program, and (3) job training placement service program for eligible veterans and eligible persons". Chapter 42 of title 38 provides for the employment and training of disabled and Vietnam-era veterans. Specifically, section 2012 requires certain Federal contractors, and certain of their subcontractors, to take affirmative action to employ and advance in employment qualified special disabled veterans and veterans of the Vietnam era. Section 2014 provides for veterans readjustment appointments (VRA's) within the Federal Government. The purpose of the VRA

authority is to assist certain disabled and educationally disadvantaged Vietnam-era veterans by making it possible for them to be hired noncompetitively up to a certain grade level (GS–7 or its equivalent). After 2 years of the veteran's successful performance on the job, which includes a program of education and training, the veteran's civil service status is converted to career to career conditional. Chapter 43 of title 38 provides reemployment protection to certain veterans.

The Office of Personnel Management has responsibility to implement the policy of the United States to promote the maximum of employment and job advancement opportunities within the Federal government for qualified disabled veterans and veterans of the Vietnam era which is codified in titles 5 and 38, United States Code.

B. COMMITTEE ACTIVITIES

Reports on the employment of disabled and Vietnam-era veterans in the Federal Government were submitted to the Committee in March 1982, covering fiscal year 1980, in June 1982, covering the first half of fiscal year 1981, and in November 1982, covering the second half of fiscal year 1981, by the Director of the Office of Personnel Management, pursuant to section 2014(d) of title 38, United States Code. In December of 1981, the Director of the Office of Personnel Management, pursuant to section 3112 of title 5, United States Code, submitted the "Report on Special Hiring Authority for 30 or More Percent Disabled Veterans in the Federal Government" for the period April 1, 1980, through March 31, 1981. In November 1982, the Director submitted this report for the period of April 1981, through September 1981.

Pursuant to section 2007(c) of title 38, the Secretary of Labor submitted to Congress reports summarizing the progress made in fiscal years 1980 and 1981 by the Department of Labor and its affiliated State employment service agencies providing employment and job training, counseling, and placement services for eligible veterans. These reports were included in the Employment and Training Report of the President and were submitted in 1981 and 1982.

C. LEGISLATION

On July 28, 1982, the Committee held hearings, chaired by Senator Simpson, to review veterans' employment programs and to consider the provisions of S. 2747, a bill introduced by Senators Simpson and Cranston to amend and improve veterans' employment programs. Testimony was heard from the Assistant Secretary of Labor for Veterans' Employment and veterans' service organizations.

After receiving the testimony received at the July 28 hearing, the Committee met in open session on August 19, 1982, and voted unanimously to report the provisions of S. 2747 as part of an original Committee bill, S. 2913 (S. Rept. No. 97–550). On September 24, 1982, the Senate passed H.R. 6782, after substituting the provisions of S. 2913, as reported and as amended. On September 24, 1982, after Senate concurrence with House amendments to H.R. 6782, which were the result of compromise agreements between the

House and Senate Committees on Veterans' Affairs, the measure was enacted into law on October 14, 1982, as Public Law 97-306, the Veterans' Compensation, Education, and Employment Amendments of 1982.

With respect to Department of Labor employment programs for special disabled and Vietnam-era veterans, Public Law 97-306:

(1) Transferred to the Assistant Secretary of Labor for Veterans' Employment Service (ASVE) the responsibility for the administration of the Veterans' Reemployment Rights Program.

(2) Required that the full-time clerical support assigned to State Directors for Veterans' Employment be provided by Federal employees.

(3) Made State Directors for Veterans' Employment responsible for supervising the listing of jobs and subsequent referrals of qualified veterans under the Federal Contractor Job Listing Program and for ensuring that veterans' complaints of discrimination against Federal contractors are resolved in a timely fashion.

(4) Provided that the Disabled Veterans' Outreach Program (DVOP) be administered through the ASVE who shall be responsible for the distribution and monitoring of the funds for it.

(5) Waived the 75 percent limit on DVOP's who may be outstationed within a State, provided that the number outstationed nationwide does not fall below 20 percent.

(6) Clarified that funds for DVOP are made available for use in each State rather than being made to each State, and that the Department of Labor's budget submission shall include funds for DVOP as a line item.

(7) Expanded the responsibilities of State Directors and Assistant State Directors for Veterans' Employment, to include cooperating with the staff of Veterans' Readjustment Counseling programs in order to identify and assist veterans who have readjustment problems and need employment or training assistance.

(8) Expanded their responsibility to include the identification of service-connected disabled veterans enrolled in or who have completed VA vocational rehabilitation programs to include the provision of assistance, upon the request of a Federal or State agency or private employer, to the agency or employer in identifying and acquiring prosthetic and sensory aids and devices to enhance the employability of disabled veterans.

(9) Required State Directors and Assistant State Directors for Veterans' Employment to be responsible for promoting, facilitating and monitoring the participation of veterans in Federal and federally funded employment and training programs, to ensure the priorities and other special consideration required by law or regulation be given to eligible veterans, disabled veterans, or veterans of the Vietnam era.

(10) Required the Secretary of Labor, through the ASVE, to administer all national programs for the provision of employment and training services designed to meet the needs of disabled and Vietnam-era veterans.

(11) Required the Secretary of Labor to submit an annual report no later than February 1 of each year to the Committees on Veterans' Affairs and Appropriations on the operation of national programs to meet the needs of disabled and Vietnam-era veterans.

(12) Established an Advisory Committee on Veterans' Employment comprised of representatives of government departments and agencies and of the national veterans' service organizations.

(13) Required Federal contractors to report annually on their veteran hiring activity to the Secretary of Labor.

(14) Repealed the Exemplary Rehabilitation Certificate program.

VII. INSURANCE

A. OVERVIEW

Eight separate programs have been established to meet the social needs of the Nation's service personnel and veterans for life insurance protection. The VA directly administers five of these programs and supervises three other programs that are administered by commercial insurance companies under contract. The programs are as follows:

Programs administered by the VA:

(1) U.S. Government life insurance (USGLI), for veterans of service during World War I;

(2) Veterans' Group Life Insurance (VGLI), for veterans of service during World War II;

(3) Veterans Special Life Insurance (VSLI), for veterans of service during the period 1951–57;

(4) Service disabled veterans' insurance (SDVI), nonparticipating insurance at standard rates for service-connected disabled veterans; and

(5) Veterans Reopened Insurance (VRI), for veterans who reapplied for insurance in 1965-66 under certain reopened insurance programs.

Programs supervised by the VA:

(1) Serviceman's Group Life Insurance (SGLI), for active duty service personnel;

(2) Veterans' Group Life Insurance (VGLI), for Vietnam-era veterans; and

(3) Veterans Mortgage Life Insurance (VMLI), for certain severely disabled veterans who receive specially adapted housing grants.

With the exception of extra hazard costs which are financed through direct appropriations to the veterans insurance and indemnities account and administrative costs which are generally covered by VA's general operating expenses account, the various insurance programs are completely self-supporting through premium receipts and interest income on investments.

During the 97th Congress, the life insurance programs supervised or administered by the VA provided coverage of approximately $150 billion for more than 7.5 million insured persons.

B. COMMITTEE ACTIVITIES

In the 97th Congress, the Committee reviewed several legislative proposals related to the VA insurance programs during hearings held on July 13, 1982. As previously noted, the Committee reported, on August 19, 1982, legislation subsequently enacted on October 14, 1982, as the Veterans' Compensation, Education, and Employment Amendments of 1982 (Public Law 97-306). As reported, this legislation contained a provision, subsequently enacted as part of Public Law 97-306, that amended subsection (c) of present section 770 of title 38, relating to payments of insurance under the Serviceman's Group Life Insurance and Veterans' Group Life Insurance programs, to eliminate the 4-year time restriction on the filing of claims for proceeds of such insurance, and provided that the proceeds will not escheat to a State.

VIII. JUDICIAL REVIEW

A. OVERVIEW

Under current law, decisions of the Administrator are final with regard to claims for benefits, and those decisions generally cannot be reviewed in the courts unless constitutional issues are raised or a question is raised as to whether the decision represents action beyond the scope of the Administrator's statutory authority. The preclusion of judicial review, together with a statutory limit of $10 on the amount an attorney may receive for representing an individual with a claim for benefits before the VA, combine to leave the VA unique among major Federal agencies in the manner in which it administers benefits. In addition, the Administrative Procedure Act (APA) provisions relating to agency rulemaking do not presently require VA compliance with APA rulemaking procedures of notice and comment.

B. COMMITTEE ACTIVITIES

During the 97th Congress the Committee held hearings on July 15, 1981, to consider S. 349, a bill introduced by Senators Hart, Cranston, and DeConcini to provide for judicial review of VA decisions, to bring the VA rulemaking processes under the APA, and to repeal the $10 statutory limitation on the fee payable to an attorney representing a veteran or survivor before the VA.

At that hearing, the Committee received testimony from Robert E. Coy, Acting General Counsel of the VA; the Chairman and two Chief Members of the Board of Veterans' Appeals; Frederick Davis, Vice Chairman of the American Bar Association's Special Committee on Veterans, and Dean of the University of Dayton Law School; as well as representatives of The American Legion, Veterans of Foreign Wars, AMVETS, Paralyzed Veterans of America, and the National Veterans' Law Center. Written testimony was received from Senator Gary Hart and from the Disabled American Veterans.

After reviewing the testimony received during the hearing and the VA's report on this legislation, and giving consideration to various recommendations made by VA staff in discussions with staff of

the Committee, the Committee met in open session on April 28, 1982, to consider S. 349 and voted to report favorably S. 349 with an amendment in the nature of a Committee substitute.

The bill was reported by the Veterans' Affairs Committee on June 8, 1982 (S. Rept. No. 97-466), and the Senate passed the measure on September 14, 1982. In the House, the bill was referred to the Veterans' Affairs Committee on September 16. However, the House took no further action on it during the 97th Congress.

IX. Home Loan Guaranty Program

A. OVERVIEW

The VA loan guaranty program is designed to encourage and facilitate extension of favorable credit terms by private lenders to veterans for the purchase, construction or improvement of homes to be occupied by veterans and their families. The program operates by substituting the Federal Government's guaranty to lenders against financial loss on loans to veterans for the investment protection afforded under conventional mortgage terms by substantial downpayments and relatively shorter loan terms. Eligible veterans are thus enabled to finance home purchases even though they may not have the resources to qualify for conventional loans. Under present law, home loans may be guaranteed up to 60 percent of the amount of the loan, but not to exceed $27,500. In the event of an insoluble default, the VA, through its contract of guarantee, stands ready to make good any loss sustained by the holder of the loan, up to the amount of the guarantee, and in most cases, to accept title to the property for ultimate disposition.

B. LEGISLATIVE ACTIVITY

1. Loan guaranty user fee

Pursuant to the reconciliation provisions set forth at subsections (a) and (b)(7) of section 2 of the First Concurrent Resolution on the Budget for fiscal year 1983, S. Con. Res. 92, as well as the functional totals set forth in the Budget Resolution for Veterans' Benefits and Services for Fiscal Years 1983 Through 1985, the Committee recommended to the Senate Budget Committee, for inclusion in title VII of the 1982 Omnibus Reconciliation Act, S. 2774, the imposition of a user fee on the VA Loan Guaranty Program. S. 2774 passed the Senate on August 5, 1982. The final version of the Reconciliation Act, as enacted into law on September 8, 1982 (Public Law 97-253), contained a provision requiring the payment of a fee of 0.5 percent of the original loan principal of all VA home loans guaranteed, insured, or made to veterans—other than those who are in receipt of VA compensation for service-connected disability or who, but for the receipt of military retirement pay, would be entitled to receive such compensation—and to certain spouses and surviving spouses, including the surviving spouses of those who have died from a service-connected disability. This fee will be required with respect to all loans closed after September 30, 1982, and before September 30, 1985.

2. Other legislation

As previously noted, the Committee reported, on July 16, 1981, legislation subsequently enacted, on October 17, 1981, as the Veterans' Disability Compensation, Housing, and Memorial Benefits Amendments of 1981 (Public Law 97-66).

The provisions of Public Law 97-66 relating to the VA loan guaranty programs:

(1) Permit the VA to guarantee graduated-payment mortgage loans.

(2) Extend the maximum maturities for VA-guaranteed mobile home loans as follows: Up to 20 years in the case of loans for a single-wide home and for a single-wide home and a lot; 23 years for a double-wide home; and 25 years for a double-wide home and lot.

Additionally, as previously noted, the Committee reported, on September 17, 1982, legislation subsequently enacted on October 14, 1982, as the Veterans' Compensation, Education, and Employment Amendments of 1982 (Public Law 97-306).

The provisions of Public Law 97-306 relating to the VA loan guaranty programs:

(1) Authorized the VA to guarantee loans to veterans to refinance liens on their mobile homes in order to finance the purchase of a mobile home lot.

(2) Changed the term "mobile home" to "manufactured home".

X. Burial Benefits

A. OVERVIEW

The burial benefits program provides for the following: The payment of an allowance of $300 (plus transportation charges where death occurs under VA care) to help defray the burial and funeral expenses of an eligible deceased veteran; the payment of an allowance of $150 for a burial plot in cases where an eligible veteran is not buried in a national cemetery or other cemetery under the jurisdiction of the United States; the payment of a burial allowance of up to $1,100 when a veteran dies as the result of service-connected disability; a flag to drape over the casket of each eligible deceased veteran; a headstone or marker for the grave of a veteran and of certain eligible dependents, or a cash allowance toward the purchase thereof.

B. LEGISLATIVE ACTIVITIES

1. Reduction in eligibility for $300 allowance

Pursuant to the reconciliation requirements of section 302(13) of House Concurrent Resolution 115, the First Concurrent Resolution on the Budget for Fiscal Year 1982, the Committee recommended to the Senate Budget Committee certain restrictions on eligibility for non-service-connected burial benefits. These restrictions were incorporated into title XX of S. 1377, the Omnibus Budget Reconciliation Act of 1981, which passed the Senate on June 25, 1981. The version of this provision which was finally enacted on August

13, 1981, as Public Law 97-35 provided that, effective October 1, 1981, the payment of the $300 burial and funeral expenses benefit would be payable only in the cases of deceased veterans who were at the time of their death entitled to receive either VA compensation or pension. The $150 plot allowance was not affected.

Eligibility for the $300 burial allowance was expanded, however, in legislation reported by the Committee on September 17, 1982, which was subsequently enacted on October 14, 1982, as the Veterans' Compensation, Education, and Employment Amendments of 1982 (Public Law 97-306). This law extended eligibility to those indigent veterans who served during a period of war or were discharged for a service-connected disability and whose bodies are held by a State or political subdivision of a State, and with respect to whom the Administrator determines that there is not next of kin or other person claiming the body, and there are not available sufficient resources to cover burial and funeral expenses.

2. Other legislation

As previously noted, the Committee reported, on July 16, 1981, legislation subsequently enacted on October 17, 1981 as the Veterans' Disability Compensation, Housing, and Memorial Benefits Amendments of 1981 (Public Law 97-66).

The provisions of Public Law 97-66 relating to VA burial benefits programs:

(1) Authorized the Administrator to furnish headstones and markers in cases of veterans whose remains were donated to science or were cremated and the ashes scattered.

(2) Required the Administrator, in certain areas in national cemeteries set aside for honorific purposes, to memorialize veterans whose remains have been donated to science or cremated without interment.

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